

VZCZCXRO7693

RR RUEHAG RUEHAST RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA RUEHLN
RUEHLZ RUEHNP RUEHPOD RUEHROV RUEHRS RUEHSR RUEHVK RUEHYG
DE RUEHLI #0029/01 0151401
ZNR UUUUU ZZH
R 151401Z JAN 09
FM AMEMBASSY LISBON
TO RUEHC/SECSTATE WASHDC 7288
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 02 LISBON 000029

SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [SCUL](#) [ECON](#) [SOCI](#) [PO](#)

SUBJECT: PORTUGAL'S NEWSPAPERS SHOW SURPRISING STRENGTH

11. SUMMARY. Newspaper readership may have declined in recent years in the U.S. and other western countries, but in Portugal circulation of daily newspapers increased by six percent from 2007 to 2008. Media consolidation has only started here in recent years, but those newspapers that are part of the Controlinveste chain are doing even better than their competition. We attribute the growth in daily newspaper sales to a combination of social factors: rising income and education, as well as internet usage that is still low by European standards. We would expect that, in coming years, as more Portuguese turn to the internet for their news, newspaper sales will peak and then decline. END SUMMARY.

PORTUGUESE DAILIES INCREASE CIRCULATION

12. The newspaper trade group Portuguese Circulation Association (APCT) has released statistics showing that the five major Portuguese daily newspapers increased their circulation by an average of 6% from 2007 to 2008, a bump of 21,000 copies per day. Portuguese dailies now sell 346,000 copies per day (which does not count the 425,000 copies of free newspapers distributed daily). The Portuguese market has two large dailies (Correio da Manha and Jornal de Noticias) with daily sales over 100,000, plus three smaller players (Publico, Diario de Noticias, and 24 Horas) all in the 40,000 range. All these papers grew last year, with the sole exception of Publico, which showed no change. All five are tabloid format, but they vary in content and tone from high-brow Publico to scandal-and-soccer 24 Horas. Separately, the business dailies Diario Economico and Jornal de Negocios also showed healthy growth rates.

Copies sold daily:	2007	2008	change
Correio da Manha	117,164	119,692	2%
Jornal de Noticias-x	92,610	104,419	13%
Publico	41,913	41,912	...
Diario de Noticias-x	37,226	41,437	11%
24 Horas-x	36,221	38,288	6%
TOTAL	325,134	345,748	6%

x = Controlinveste assets

JOAQUIM OLIVEIRA LEADS CONSOLIDATION

13. There are no Gannett-style media monoliths here, nor significant foreign ownership of Portuguese media, but a recent consolidation trend is setting the standard. While his media holding group Controlinveste has been around since the 1990s, Joaquim Oliveira became Portugal's answer to Rupert Murdoch in 2005 when he bought another holding company called Lusomundo and created Controlinveste/Global Noticias. Controlinveste owns three of the big five dailies listed above -- perhaps not coincidentally those with the greatest growth rates. The strong showing of Oliveira's empire suggests that this is a model for the future. Oliveira's assets include traditional newspapers (Jornal de Noticias and Diario de Noticias), tabloids (24 Horas), soccer papers, a free daily (Global Noticias), an all-news radio station

(TSF), and three cable TV sports channels. Oliveira also owns stakes in telecom leaders Portugal Telecom and ZON Multimedia.

BUCKING THE TREND

¶4. By contrast, U.S. daily newspaper circulation continued a longer term trend by falling 4% last year, with ad revenue losing 3%. Nearly every major paper except the two largest (USA Today and Wall Street Journal) reported circulation declines. Editors cite online news sources as their primary competition, noting that total readership (i.e., print plus online) actually grew by 2% last year. European print circulation also fell by 2% last year, but editors see their key competition coming from free dailies, which account for 23% of circulation in Europe (and 55% in Portugal). But the healthy Portuguese print media are not the outliers they might appear at first glance. Worldwide print newspaper readership is, in fact, rising -- particularly in developing countries like India, China and Brazil. While there is not a straight-line correlation, many of the European countries whose economies were historically poorer than the EU average (e.g., Estonia, Ireland, Romania, Turkey) are showing increased print media readership. Portugal falls into this category.

¶5. However, the free dailies offer a cautionary note: after explosive initial growth, Portugal's free-distribution dailies are now retrenching. Among the major free papers, year-old weekly "Sexta" suspended publication effective January 9 while investors assess its future. "Meia-Hora", which targets upper-class readers, will be distributed exclusively in offices. Meanwhile, business-themed free

LISBON 00000029 002 OF 002

weekly "Oje" (circ. 22,000), which was voted "Best Free Paper" of 2008, is now sold for one cent on newspaper stands. Among the generalist free dailies, Controlinveste's "Global Noticias" (circ. 200,000) is likely to maintain its readership and increase its distribution areas, while smaller competitors will have to work hard to maintain the ad revenue that keeps them viable.

SOCIAL FACTORS AND INTERNET PENETRATION

¶6. Portugal's population of 11 million has a literacy rate of 93% (eight points higher than in 1990); Portuguese GDP has climbed from 42% of the EU average in 1960 to 77% today; but only about one-third to one-half of Portuguese are internet users (in most EU countries this figure is over 50%), and one recent survey put "digital illiteracy" here at 54%. Thus the Portuguese are becoming better educated, wealthier, and more interested in and linked to the world around them, but they are not getting their news from internet sources as frequently as citizens in richer western countries. As a result, daily print newspapers have enjoyed a steady growth in demand. We would anticipate that as internet usage becomes more widespread, and with the continued growth of free dailies throughout Europe, that sales of paid print newspapers would peak in coming years and then show the inexorable decline seen in other western nations.

COMMENT - REACHING HEARTS AND MINDS

¶7. Portuguese newspapers will, for the coming years, remain at the core of anybody's strategy to impact and change public understanding of key issues. Decision-makers and opinion-leaders here are keenly aware that the media environment in which they operate is a few years behind the technological changes defining the US market. But for now, Portuguese get their news from traditional sources: TV, radio, print newspapers and magazines.

STEPHENSON